

# UNIVERSITY OF RICHMOND

## ROBINS SCHOOL OF BUSINESS



ECON 210  
Economics of the European Union, 1 unit

Spring 2024

### SYLLABUS

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Instructor:	Thomas Zylkin
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Office Hours:	Mondays, 9am - 10am & 2:30pm - 3:30pm, & by appt.
Required Books:	Baldwin, Richard and Wyplosz, Charles, THE ECONOMICS OF EUROPEAN INTEGRATION, 5th Ed., 2015 Gilbert Mark, EUROPEAN INTEGRATION: A CONCISE HISTORY, Revised, Updated Ed., 2011 (You are more than welcome to obtain used copies of these books if you wish.)

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**Course Description:** This is a seminar-style Economics class where we will learn about and critically evaluate the economic foundations underlying the past, present and future of the European Union. As such, the format of the course will combine lecture material on the economics of regional integration with reading-, writing-, and discussion-intensive activities meant to illuminate the past 70 years of European integration and raise important questions for its future.

Given current controversies about economic integration throughout the world, this course is also meant to hold up the E.U. as a valuable case study revealing both the promise as well as the limits of what economic agreements between countries can deliver. The so-called “European project” is the boldest experiment in regional economic integration in modern history, comprising a free trade area, common external tariffs on imported goods, a coordinated agricultural policy, the complete free movement of labor and capital across borders, a common currency, and a supra-national European Parliament and Central Bank. Our course will tackle each of these pillars of Europe’s unprecedented economic union in turn, all the while taking the time to contemplate the meaning of “Europe” for our own collective future economic governance.

## LEARNING OBJECTIVES

**Overall goals.** The goals I have set as your instructor for this course are the following:

- For students to use standard frameworks from International Economics to demonstrate knowledge of how international borders matter for important economic policy decisions.
- For students to be able to articulate and critically evaluate the political limits to economic integration based on examples from real world historical and current events.
- For students to write knowledgeably, fluidly, logically, and persuasively about economic concepts, policies, and arguments.
- For students to demonstrate knowledge of the EU's institutional history, goals, conflicts, and influence, especially as relates to economic policy and economic integration.

**General education.** In pursuing these goals, this class contributes to the University of Richmond's general education curriculum under the "written communication" integrated focus area. This designation requires that students produce written work that:

- reflects disciplinary conventions and attention to audience and situation;
- has a clear perspective and, where appropriate, forwards claims supported by evidence and cites sources responsibly;
- undergoes an iterative process, where content evolves (through creation, drafting, and revision) and improves based on feedback from the instructor.

**Departmental and Business School goals.** ECON 210 also meets the following objectives listed under the Economics department's set of learning goals, which closely align with those of the Robins School of Business:

- Objective 1.1: Students will produce solutions to economic problems using appropriate quantitative and qualitative techniques.
- Objective 1.2: Students will identify core issues and evaluate and apply evidence in support of a coherent position or recommendation.
- Objective 2.1: Students will make a professional and effective oral presentation.
- Objective 2.2: Students will write a cogent analysis of an economic situation.
- Objective 3.1: Students will demonstrate an ability to work in teams and collaborate with others.
- Objective 4.1: Students will demonstrate an understanding of economic theory and practical applications.

## COURSE REQUIREMENTS AND POLICIES

**CLASS STRUCTURE.** As this is a very “hybrid” course meant both to teach you some economics as well as foster discussion about current events, we will use class time in a variety of different ways and there also will be a variety of different opportunities for assessment.

When starting on a new topic (e.g., the E.U.’s trade policy), we will typically begin with a lecture introducing some graphical tools that will allow us to perform an economic analysis of that topic. Subsequent class meetings will then switch from lecture to discussion, asking you to read additional material drawn from the popular press and/or from Gilbert’s *Concise History* that pertain to that topic. The only regular homework assignments you will have are short (~1 page) “response essays” meant to prepare you for these in-class discussions. The other main forms of assessment will come in the form of frequent quizzes (which will test basic comprehension of the material), a midterm exam (which will expect you to go more into depth), a term paper on a topic of your choice, and a group project in which you will debate your fellow classmates about controversial recent developments facing the E.U.

**EXAM.** There will be one written exam for the class to be held midway through the semester on **Thursday February 29th**. In line with the overall structure of the course, the format of this exam will combine questions that will test your comprehension of the underlying economic concepts we will study in class with other, more open-ended essay-type questions that will ask you to express a coherent and informed opinion on a topic that stirs debate. There is no final exam.

**QUIZZES.** In addition to the midterm exam, there will also be regular quizzes based on the material covered in lectures and in reading assignments. The purpose of these quizzes is both to help you stay on top of the material that will be tested on the exam as well as to give you more frequent assessments throughout the course. The quizzes are meant to be straightforward tests of your comprehension and I will give you explicit guidance on what parts of the text or other readings they will be drawn from beforehand. Your lowest quiz grade will be dropped in determining your final quiz grade. Occasionally, I will give you in-class problem sets to work on that you will be asked to turn in for a quiz grade.

**“DISCUSSION QUESTION” ASSIGNMENTS.** Both to encourage discussion in the course and to encourage you to think about key readings, I will regularly be assigning “discussion questions” for you to answer ahead of class. I expect the answers to these questions to be handed in **via blackboard** before class starts. There is no page limit for these assignments per se, but they need not be lengthy; one page double-spaced is an acceptable minimum (single spacing is also fine.) Your lowest discussion assignment grade will be dropped in determining your final homework grade.

TERM PAPER. Another key goal of this course is to develop your ability to write coherently and persuasively about controversial economic issues. Accordingly, I will also ask you to conduct research into an important policy issue facing the European Union and/or an individual European country or sub-region and report your findings in the form of a 2,000 word essay. The paper will be due at the end of the course, but there will be frequent deadlines associated with this assignment throughout the course to aid in the development of the project and to keep it on track. There will also be an in-class “writing workshop” where we will workshop your work-in-progress and discuss best writing practices. The discussion assignments will also give me an opportunity to give you frequent feedback on your writing throughout the course.

IN-CLASS DEBATES. Some of the most important policy questions we will study in this class, such as the ongoing fallout from the Eurozone debt crisis and how the E.U. manages its trade relationships with the U.S. and China, do not have easy answers within the E.U.’s current institutional framework. To engage with these topics in as rich a way as possible, much of our discussion on them will take the form of a **group project**, where you will form groups and debate your fellow students about what they mean for the future of the E.U.

REQUIRED BOOKS AND OTHER ASSIGNED READINGS. There are two required books for this course. Most of the economics material will be drawn from Baldwin and Wyplosz. To enrich the material from Baldwin and Wyplosz with a more in-depth historical perspective, however, we will also be drawing from Gilbert’s *Concise History*. I do expect you to purchase both of these books and read assigned readings before class. **A word on costs & availability:** You can find used copies of each of these books online through Barnes and Noble and Amazon. The bookstore should have them in stock by the end of the first week of classes. I encourage you to find the best prices you can.

CLASS ATTENDANCE. Since this is a seminar-style class, it will be important for you to come to class to see how the lecture material draws on assigned readings and to participate in the discussion. I will not take attendance or declare that attendance is “mandatory”, but it will be very much in your best interest to make an effort to attend all classes. I do make part of your grade dependent on participation; unexcused absences naturally will affect your grade here. Also, please note that frequent unexcused absences (in excess of 25% of class meetings) will result in an failing grade for the course.

IN CLASS. I will assume that before coming to class you have familiarized yourselves with the material to be covered, both from the assigned readings and by working on discussion questions. As noted above, you are expected to be an active participant in the class, both by asking questions and by participating in discussions. Please note, however, that the *quality* of your in-class contributions matter just as much as quantity (if not moreso!) in determining your participation grade.

GRADING POLICY. The grade that you get in the class will be the grade that you have earned. The only time that I will be willing to change a grade is when I have made a mistake and it has been brought to my attention before the end of the semester. Your final grade will be determined as follows:

Participation	(10%)
Discussion Assignments	(10%)
Quizzes	(15%)
In-class Debate	(15%)
Midterm	(25%)
Term Paper	(25%)

For assigning letter grades, I prefer **5 point increments**. 95-100 is an A, 90-94 is an A-, 85-89 is a B+, and so on (B: 80-84: B. B-: 75-79. C+: 70-74. C: 65-69. C-: 60-64. D: 50-59. F: <50).

NOTE. Your grade on written work for this class will not be merely based on content. I will expect you to express your thoughts in a smooth, clear, and logical sequence, using the economic concepts we have established in class in an appropriate manner

A WORD ON INTEGRITY. Violations of the Honor Code Statute in this class will not be tolerated and may result in severe academic sanctions. In order to familiarize yourself with the University of Richmond's Honor Code as well as the policies in place regarding academic misconduct and dishonesty, you may refer to the following web site:

<http://studentdevelopment.richmond.edu/student-handbook/honor/the-honor-code.html>

If you have any doubts or questions, please, consult with me.

### UNIVERSITY OF RICHMOND POLICIES

**Americans with Disabilities Act:** Students with documented disabilities who need course accommodations, have emergency medical information or require special arrangements for building evacuation should submit an application to Disability Services and inform the instructor as quickly as possible so we may take steps to accommodate your needs. For further information, visit: <http://disability.richmond.edu/students/process/index.html>.

**Course evaluation:** Your feedback about the course and instructor is the only way instructors and academic units can improve the quality of a course and its content. Your honest feedback is greatly appreciated and will benefit students taking this course in the future.

**Minimum attendance requirement:** Students who are absent without a valid excuse for more than 25% of all scheduled classes will receive a grade of "V" (failure due to excessive absences) and no credit for the course.

**COVID-19 guidelines:** In the classroom, students will be expected to adhere to any and all guidelines set by the university with respect to COVID-19. All of us are called on to make an effort to be flexible and to make decisions in the best interest of the community, including staying home when sick. Students who are sick should not attend class, will not be required to provide formal documentation from a health care provider, and will not be penalized for absences. I will still expect you to notify me in advance if possible, keep up with classwork to the best of your ability, and stay in close communication so I know what is happening with you.

**Generative AI policy:** Generative AI tools such as ChatGPT may be used in certain contexts in this class, but these permissible contexts will not include generating answers, responses, or content that directly fulfill the purposes of assignments, quizzes, or exams, as this would violate academic integrity principles as well as the university Honor Code. I reserve the right to update this policy during the semester, but you can expect allowable use to include assignments and demonstrations that ask you to use and/or evaluate generated output. Among its useful purposes, generative AI has the potential to be a valuable assistant for coding-related tasks, and I want my students to be able to use it productively without trading off their learning and while understanding its limitations.

**Religious observance:** The University is a secular institution that values diversity of religious expression. The observance of religious holidays is considered a valid reason to be absent from class. If any of the course deadlines and/or exam dates conflict with the observance of your religious obligations, please inform your instructor ASAP.

**Dropping a course or withdrawing from a course:** Once a student is registered, it is his/her responsibility to attend the course, drop the course, or withdraw from the course. Dropping and withdrawing are distinct actions governed by different policies and impact a student's course enrollment status differently:

- Dropping a course causes the name of the course to disappear from the student's transcript.
- Withdrawing from a course causes the name of the course and a grade of "M" (if withdrawing with a passing grade) or "W" (if withdrawing with a failing grade) to appear on the student's transcript. Before withdrawing, students should consult the instructor.

For further information on these procedures, please see the following website:  
<http://registrar.richmond.edu/services/policies/add-drop.html>.

**Incomplete policy:** A grade of "I" or "Y" may be given if the student's course work has not been completed by the end of the term. The "I" is a provisional failing grade, to be given when the student's reasons for incomplete work are deemed unjustifiable by the instructor. The "Y", which does not count as a failing grade, is given when the student's reasons for

not completing are deemed justifiable. In the case of an “I”, the work is to be made up by a deadline to be set by the instructor, which may be no more than 45 days beyond the last day of the term. Otherwise, the “I” will become an “F”. In the case of a “Y”, it is still possible for the student to arrange with the instructor to complete the remaining requirements in order to receive a make-up grade.

**Final examinations:** No final examinations will be given outside the examination period without the permission of the Dean. All final examinations are scheduled by the University Registrar.

**University closure:** During the course of a semester, it is possible the university will experience closure. Make-up assignments or make-up sessions of equivalent face-to-face length may be scheduled to make up for lost class time.

**Resources for Students:** The University offers a variety of services that may be helpful to students taking Economics and/or in navigating the many personal, social, and academic challenges they may encounter in a university environment. See, for example, the links for the Academic Skills Center and other counseling and community-building resources maintained at the following website: <http://commonground.richmond.edu/first-gen/resources.html>. There is also a dedicated Writing Center to help you develop your academic writing skills. See here: <http://writing.richmond.edu/>.

**Other policies:** More information on policies, procedures, and general governance may be found at the Provost’s website. Specific policies and forms for the Robins School of Business are available in Blackboard.

## TENTATIVE LECTURE OUTLINE

## ASSIGNMENTS / QUIZZES

T JAN 16	Course introduction. History of the EU.	
Th JAN 18	History lesson continued. Building blocks for micro-economic analysis.	Discussion assignment.
T JAN 23	Introduction to Trade Policy Analysis.	Quiz on BW 4.1.
Th JAN 25	Discussion: Free trade in Europe	Discussion assignment.
T JAN 30	Preferential Liberalization and Trade Diversion.	Quiz on BW 4.2-4.5.
Th FEB 1	Discussion: The U.K.'s Commonwealth Dilemma.	Discussion assignment.
T FEB 6	"Deeper" integration: Customs Unions, Regulatory discrimination, the Euro-zone	Quiz on BW 5.1-5.3, 5.A.
Th FEB 8	Discussion: Removing barriers to digital trade	Discussion assignment.
T FEB 13	Regionalization and market size effects. The rise of large firms in Europe.	Quiz on BW 5.4-5.8.
Th FEB 15	Discussion: pro-competitive effects of market integration?	Discussion assignment.
T FEB 20	The Common Agricultural Policy	<b>Topic due for term paper</b> (no quiz)
Th FEB 22	Discussion: what is the CAP really for?	Discussion assignment
T FEB 27	Catching up and Review for Midterm.	(no quiz)
Th FEB 29	<b>MIDTERM: February 23rd, 2022.</b>	
T MAR 5	Closed economy macroeconomic analysis. Term paper pep talk.	
Th MAR 7	Discussion: Exchange rate drama leading up to the E.M.U.	Discussion assignment.
T MAR 12 - Th MAR 14	<b>SPRING BREAK</b>	
T MAR 19	Open economy macroeconomics. The exchange rate trilemma.	(no quiz)
Th MAR 21	<b>Writing workshop I</b>	<b>Introduction and outline due for term paper.</b>
T MAR 26	Optimal currency areas	Quiz on BW Ch. 13-14.
Th MAR 28	Discussion: Is the Euro-zone an optimal currency area?	Discussion assignment.
T APR 2	Fiscal policy in the E.U.	Quiz on BW Ch. 15-16.
Th APR 4	Discussion: Democracy, Integration, and Sovereignty (A "Political Trilemma"?)	Discussion assignment.
T APR 9	The Euro in International Financial Markets	(no quiz)
Th APR 11	The Euro in Crisis	Discussion assignment
T APR 16	Labor market integration and migration	Quiz on BW Ch. 17-19.
Th APR 18 - T APR 23	<b>IN CLASS DEBATES</b>	Discussion assignment for non-debaters.
Th APR 25	How should the E.U. be judged? The E.U., growth, and welfare.	Discussion assignment
F APR 26		<b>Rough draft of term paper due</b>
TBD	<b>Writing workshop II (to be held during Finals)</b>	
W MAY 8		<b>Final draft of term paper due</b>



# DETAILED READING LIST

## History & Basic Microeconomic Building blocks (Week of 1/16)

- History & Context:
  - BW 1-2.
  - Gilbert Ch. 1-2 & Ch. 7.
  - [“How Vienna produced ideas that shaped the West.”](#) *The Economist*. December 24th, 2016.
  - Drochon, Hugo. [“Why the elites always rule.”](#) *The New Statesman*. August 25, 2017.
- Basic microeconomic building blocks: BW 4.1

## Introduction to Trade Policy Analysis (Week of 1/23)

- Lecture: BW 4.2-4.5.
- History and context:
  - Gilbert Ch. 3.
  - Alderman, Liz. [“Wine War in Southern France Has Streets Running Red.”](#) *The New York Times*. August 25, 2017.
  - Ebeling, Richard M. [“How Free Trade Triumphed and Made Europe Great.”](#) Foundation for Economic Education. January 25, 2017.
  - Chad P. Bown and Katheryn Russ. [“Biden and Europe remove Trump’s steel and aluminum tariffs, but it’s not free trade.”](#) Peterson Institute for International Economics. November 11, 2021.

## Preferential Liberalization and Trade Diversion (Week of 1/30)

- Lecture: BW 5.4-5.8.
- History & Context:
  - Gilbert Ch. 4
  - The E.U.’s trade policies: BW Ch. 12.
  - Dhingra, Swati, Hanwei Huang, Gianmarco Ottaviano, Thomas Sampson, and John Van Reenen. [“The consequences of Brexit for UK trade and living standards.”](#) *Vox: CEPR’s Policy Portal*. April 4th, 2016.
    - \* Video summary: Van Reenen, John. [“Economic costs and benefits of Brexit”](#) *VoxDev.org*. May 24, 2017.
  - @thom\_sampson (Thomas Sampson). [“How has TCA affected UK-EU trade in its first year? ...”](#) Twitter, December 23rd, 2021.
  - Aleem, Zeeshan. [“Japan and Europe’s huge new trade agreement shows that US leadership is already fading.”](#) *Vox: CEPR’s Policy Portal*. July 6, 2017.
  - UNCTAD. [“Asia-Pacific partnership creates new ‘centre of gravity’ for global trade.”](#) December 15th, 2021.

## “Deeper” forms of trade integration (Week of 2/6)

- Lecture: BW 5.1-5.3, 5.A.
- History & Context:
  - Gilbert Ch. 5.

- BBC News. “[How has Brexit changed trading between the EU and the UK?](#)” Youtube. December 29, 2021.
- Adriaenson, Johan. “[The Future of EU trade negotiations: What has been learned from CETA and TTIP?](#)” *LSE blogs*. London School of Economics. November 29th, 2017.
- Moens, Barbara and Mark Scott. “[Transatlantic trade deal rises from the grave to fight China.](#)” *Politico*. September 9, 2021.
- Rodrik, Dani. “[Don’t Cry Over Dead Trade Agreements.](#)” *Project Syndicate*. December 8, 2016.

### **Regionalization and market size effects (Week of 2/13)**

- Lecture: BW 6
- History: Gilbert Ch. 6
- Bradford, Anu, Adam Chilton, Katerina Linos, and Alexander Weaver. “[The Global Dominance of European Competition Law Over American Antitrust Law.](#)” *Journal of Empirical Legal Studies*, Vol. 16, No. 4. December 2019.
- Keyte, James. “[Why the Atlantic Divide on Monopoly/Dominance Law and Enforcement is So Difficult to Bridge.](#)” *Antitrust*, Vol. 33, No. 1. Fall 2018.
- Pike, Chris and Tommaso Valletti. “[Brexit: what are the risks and opportunities for UK competition policy?](#)” *Economics Observatory*. February 9, 2021.

### **The Common Agricultural Policy (Week of 2/19)**

- Lecture: BW Ch. 9
- In Gilbert, re-visit pp. 52-54 in Ch. 3 and pp. 62-65, 77-83 & 85-87 in Ch. 4.
- “[Q&A: Will EU Common Agricultural Policy reforms help tackle climate change?](#)” *Carbon Brief*. June 28th, 2021.
- “[Common Fisheries Policy \(CFP\)](#)” *British Sea Fishing*.

### **Closed economy macro analysis (Week of 3/5)**

- Lecture: BW Ch. 13.1.
- For Thursday, March 8th (where we will preview open economy macro analysis):
  - In Gilbert, re-visit pp. 61-62 in Ch. 4, pp. 96-100 & 105-11 in Ch. 5, & 118-121 in Ch. 6.
  - BW Ch. 14
  - “[Two out of three ain’t bad.](#)” *The Economist*. August 27th, 2016.

### **Open economy macro analysis (Week of 3/19)**

- Lecture: BW Ch. 13.2-13.6.

### **Optimal currency areas (Week of 3/26)**

- Lecture: BW Ch. 15
- History & Context:
  - BW Ch. 16
  - In Gilbert, re-visit 146-149 in Ch. 7 and read Ch. 8.

- Krugman, Paul. “[Revenge of the Optimum Currency Area.](#)” NBER Macroeconomics Annual, Volume 27 (2013). pp. 439-448.
- Shelkle, Waltraud. “[Paul Krugman’s argument that the Eurozone is not an optimum currency area could just as easily be applied to the US.](#)” *LSE blogs*. London School of Economics. April 28, 2016.
- Worstall, Tim. “[Paul Krugman is entirely right about the disaster that is the Euro here.](#)” *Forbes*. June 19, 2016.

### **Fiscal Policy in the E.U. (Week of 4/2)**

- Lecture: BW Ch. 17
- History and Context:
  - BW Ch. 3 on EU Decision-making.
  - In Gilbert, revisit pp. 211-218 in Ch. 8.
  - Bénassy-Quéré, Agnes and several others. “[How to reconcile risk sharing and market discipline in the euro area.](#)” *VoxEU*. January 17, 2018.
  - Verwey, Maarten and Allen Monks. “[The EU economy after COVID-19: Implications for Economic Governance.](#)” *VoxEU*. October 21, 2021.

### **The Euro in International Financial Markets (Week of 4/9)**

- BW: Ch. 18
- History and Context:
  - BW Ch. 19
  - Gilbert: read Ch. 9.
  - Ignatius, David. “[Greece is trapped by the Euro.](#)” *Washington Post*. July 7, 2015.
  - Strain, Michael. “[Why Greece should leave the Euro.](#)” *Washington Post*. July 13, 2015.
  - Krugman, Paul. “[Policy lessons from the Eurodebacle.](#)” *New York Times*. July 8, 2015.
  - Corsetti, Giancarlo, Lars Feld, Ralph Koijen, Lucrezia Reichlin, Ricardo Reis, Hélène Rey, and Beatrice Weder di Mauro. “[Reinforcing the Eurozone and protecting an open society.](#)” *VoxEU*. May 27, 2016.
  - \* For more details, see their full length report [here](#).

### **Labor market integration and migration (Week of 4/16)**

- BW: Ch. 8
- History & Context:
  - Gilbert: Re-visit pp. 125-129 in Ch. 6 & pp. 182-187 in Ch. 8.
  - Christides, Giorgios and Katrin Kuntz. “[The Refugee Scandal on the Isle of Lesbos.](#)” *Der Spiegel*. November 24, 2017.
  - Rankin, Jennifer. “[Free movement: A circle that cannot be squared in the Brexit debate.](#)” *The Guardian*. September 13, 2017.
  - Milanovic, Branko. “[Ending Inequality Between Countries: Not By Trade Alone.](#)” *The Globalist*. October 11, 2017.
  - Vasilopoulou, Sofia and Talving, Sofia. “[Opportunity or threat? How Europeans view freedom of movement.](#)” *LSE blogs*. London School of Economics. November 16, 2018.

## How should the E.U. be judged? (Week of 4/23)

- BW: Ch. 7
- History & Context: Re-visit pp. 57-59 in Ch. 4, 173-182 & 198-202 in Ch. 8 and 218-222 in Ch. 9.
- Rady, Martin. [“The EU is only an episode in European history - and is doomed to failure.”](#) *LSE blogs*. London School of Economics. December 24th, 2016.
- Hutton, Will. [“Beware the illiberal alliance of Poland and Hungary, a grave threat to the EU.”](#) *The Guardian*. January 6th, 2018.
- Rimbert, Pierre. [“Germany alone within the EU.”](#) *Le Monde Diplomatique*. January, 2018.
- Clarkson, Alexander. [“Thought populists want to kill the EU? It’s worse than that.”](#) *Politico* (Europe edition). January 8, 2019.